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SUBJECT: KMT Stumps for Votes at Dongguan TBA Celebration

(U) This document is sensitive but unclassified. Please protect accordingly.

¶1. (SBU) Summary: Clearly Dongguan in Guangdong Province - China's furniture capital, a city of 7-8 million people with over 6,000 Taiwan businesses - is rooting for Ma Ying-jeou and the Kuomintang in the 2008 Presidential elections in Taiwan. The 14th anniversary of the Dongguan Taiwan Businessmen Association (TBA) November 30 was a lavish celebration of what one attendee called a "positive" approach to cross-Straits ties; Ma Yi-nan, Ma Ying-jeou's elder sister, delivered a "check" to be cashed by Taiwan business on the mainland, calling for movement toward the three direct links within a year of Ma's assuming the presidency. KMT Vice Chair Chiang Pin-kun encouraged Dongguan's business leaders to participate in the upcoming Taiwan elections; other mainland officials, including the director of the Taiwan Affairs Office of Economic Development, called for attendees to strengthen cross-Straits ties. End summary.

¶2. (U) Leaders of Taiwan's KMT, Taiwan business leaders from across China, and Chinese government officials attended the Dongguan TBA's extravagant celebration of its 14th anniversary on November 30. Banners waving, businesspeople a-marching to the tune of slightly martial music, salutes and sashes a-plenty, the event featured the installation of a new chairman - furniture and real estate magnate Andrew Yeh replacing furniture and real estate magnate Samuel Kuo. The Dongguan TBA is the largest in China with over 3,600 members out of 6,000 Taiwan-invested enterprises in the city. Taiwan enterprises in Dongguan account for as much as ten percent of the total number on the mainland by some estimates - and on their minds this time around were new mainland regulations that could force some of them to relocate production lines elsewhere as the PRC seeks to move toward higher-technology, upstream business operations in the Pearl River Delta.

KMT's Election Campaign Extends to Dongguan

¶3. (SBU) During the celebration, Ma Yi-nan, KMT Presidential Candidate Ma Ying-jeou's elder sister, presented a symbolic check signed by Ma Ying-jeou and his KMT running-mate Vincent Siew. The symbolic check, to be cashed upon Ma Ying-jeou's election, is a promise to fully implement the three direct links within one year of taking office. Included as well would be weekend charter flights and a bilateral aviation agreement. Ma Yi-nan was accompanied at the event by KMT Vice Chair Chiang Pin-kun, KMT Legislator Chu Feng-Chih, and New Party Chair Yok Mu-ming. No representatives from Taiwan's Democratic Progressive Party (DPP) attended - nor does it seem they would have been all that welcome.

¶4. (SBU) KMT Vice Chair Chiang Pin-kun, who was in Dongguan for his

third TBA anniversary meeting, described the next year as a critical time for cross-Strait relations. He was pretty direct in what could only be described as a rally-the-troops campaign speech, calling Taiwan's upcoming legislative and presidential elections a choice over whether cross-Strait relations would be characterized by "peace and prosperity" or "tension and recession." Chiang exhorted (as much as he could in his low key manner) Taiwan residents on the mainland to participate in the elections.

Chinese officials Call for Stronger Cross-Strait Ties

15. (SBU) Taiwan Affairs Office (TAO) officials, quoting from Hu Jintao's recent 17th Party Congress Report, called for the support of Taiwan business leaders to strengthen cross-Strait ties and oppose Taiwan independence. Guangdong Provincial TAO Director General Chen Guoxin said 1.3 billion people on the mainland and 23 million on Taiwan are part of a single entity and should work hand-in-hand to strengthen the Chinese nation. Other Chinese officials at the event included Xu Mang, Director-General of the Economic Bureau of the State Taiwan Affairs Office (TAO), Liang Yaowen, Director-General of Guangdong Department of Foreign Trade and Economic Cooperation, Liu Zhigeng, Party Secretary of Dongguan, and Xing Kuisheng, Taiwan Affairs Director of the Central CPC's Liaison Office in Hong Kong. Xing told the Consul General that Taiwan businesspeople in Hong Kong looked forward to the end of an era in which Chen Shuibian had created "problems" for them in their dealings with mainland officials. When the CG asked him to elaborate on that statement with specific examples, Xing declined.

Comment - Taiwan Investors Say Little on Politics

16. (SBU) Both the Chinese government and the KMT seized this

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opportunity to promote their political interests. In contrast, Taiwan businesspeople and investors were largely silent on political issues during remarks at the event, choosing instead to focus on business opportunities and business problems caused by new PRC regulations; still it was clear that they preferred a Ma victory even if they were not critical of Frank Hsieh. It is unlikely that many will actually make the trip back to Taiwan to cast votes in January and March.

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